

HISTORY OF THE DISPUTE RESOLUTION PROGRAM

The need for a process to assist manufacturers and states in resolving disputes was identified by CMS. Assistance and alternative dispute resolution training was provided to CMS Central Office (CO) staff by the HHS Departmental Appeals Board (DAB). CMS selected its Regional Office (RO) in Boston as the pilot site. Buy-in was sought and obtained from manufacturers and states.

Staff from the Boston RO, CMS and the HHS/DAB met to discuss an alternative process CMS could facilitate to resolve disputes between drug manufacturers and states. In January 1995, the Boston RO hosted a six state meeting with CMS CO staff to discuss dispute resolution strategies. CMS's goal was to pilot a process that facilitated goodwill, cooperation, timely resolution, and closure in drug rebate dispute resolution. With over 500 manufacturer drug rebate contracts, the Region I states agreed to commit resources to target dispute resolution for their top ten manufacturers identified in terms of total reported dollars in dispute. The states were pleased that CMS would facilitate these meetings and asked for CMS to send a letter to manufacturers introducing their pilot project. The Boston RO and CMS CO targeted the top ten manufacturers that the Region I states reported with the highest dollars in dispute.

The introductory DRP letter that was sent to manufacturers was well received and most manufacturers responded to CMS's request to participate in the pilot. The forum for each meeting included all six Region I states, CMS representatives, and one manufacturer. CMS staff facilitated the discussions and the Region I states and the manufacturer demonstrated their commitment to work toward resolution. Region I and CMS CO also conducted several follow up meetings at the states' request and several follow up calls to states at the manufacturers' request. The pilot project affirmed the need for CMS to devote more resources to this program area.

Based on the success of the Region I/CO joint pilot experience, CMS CO has expanded the DRP nationwide to expand to other regions the model of bringing states and manufacturers together, with CMS serving as the facilitator.

As of September 2002, over \$1 Billion in drug rebates formerly disputed have been resolved through the DRP meetings. In addition to the obvious financial impact, the DRP has fostered a spirit of cooperation and partnership among CMS, states, manufacturers and others involved in the program.